CREATIVE SOLUTIONS TO MEET DOD'S MARITIME SUPPORT NEEDS

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Introduction

In modern logistics, rapid force projection is key to meeting the challenges of international contingency operations. Within the Army, improving deployability is a key focus of the Army Chief of Staff's transformation efforts and vision for the future. The U.S. Army's Military Traffic Management Command (MTMC), which is a component command of the U.S. Transportation Command (USTRANSCOM), has a combined mission of providing both logistical support for peacetime sustainment and contingency mobilization of the Armed Forces. VISA, VCC, and USC-02, described below, represent a highly complex, precedent-setting government teaming effort with industry to develop contractual solutions to strategic issues.

In simple terms, VISA stands for the Voluntary Intermodal Sealift Agreement and VCC for MTMC's VISA Contingency Contract. USC-02 is the common name for MTMC's 2nd Universal Service Contract for worldwide ocean liner transportation services for DOD. Behind these simple acronyms is a complex effort by various groups of professionals to weave several different programs and contractual efforts into a workable whole in support of DOD's peacetime and wartime missions.

While VISA, VCC, and USC-02 are separate, they are designed to link together and support each other to encourage the U.S. commercial maritime industry to support DOD's wartime needs as well as enhance competition for DOD's peacetime ocean shipping and transportation business. Together, they show the power of contracting to support DOD's mission by using recent acquisition reform initiatives.

Let's look at these three contracting resources and how they are linked together. In reviewing DOD contingency requirements, the USTRANSCOM commander in chief (CINC) determined that contractual instruments were needed to ensure a more rapid transition from peace to war. Thus was born the genesis of a unique inter- and intra-agency government teaming effort with industry to develop contractual solutions to strategic issues.

Policy Meetings

USTRANSCOM hosted several policy-making meetings for Senior Executive Service government managers and industry representatives. Agency heads, including administrators, senior military officers, and industry CEOs, met to confer on basic policy determinations. Working groups focused on various aspects of DOD's maritime needs, including pricing methodology, technical requirements, contract drafting, and operations planning. The working groups consisted of acquisition, program, and legal personnel from both government and industry. These groups not only dealt with contingency operations planners but also with peacetime shipping agencies to coordinate VISA contingency contracting needs with peacetime sustainment needs. VISA represents a highly integrated effort between government and private sector elements involved in the ocean transportation industry.

VISA provides for the commitment of strategic sealift capability by the U.S. Flag Merchant Marines under the auspices of the Defense Production Act and the Maritime Security Act. Under this program, U.S. flag ocean carriers, both subsidized and unsubsidized, enter into vessel capacity commitments with the Department of Transportation's Maritime Administration (MARAD). Thus, VISA involves the coordination of several national Defense-oriented programs by both the MARAD and DOD.

Formal Commitment

Once U.S. flag carriers signed a VISA agreement with MARAD, the foundation was in place and there was a formal commitment by U.S. flag carriers to support DOD in time of crisis. However, DOD still needed very specific contractual commitments by the liner industry. As such, DOD built on the VISA foundation. MTMC's mission is to provide commercial liner service for the CINC USTRANSCOM while the Navy's Military Sealift Command (MSC) provides organic and/or commercial vessels. So the next step was for MTMC and MSC to develop contracts to bind industry to specific levels of either liner or vessel support at various stages of a

MTMC's 596th Transportation Group loads military cargo at the port of Beaumont, TX.

Containers are loaded aboard the* Chesapeake Bay *in June 1999 during Operation TURBO CADS 99 at Sunny Point, NC. The port on the Cape Fear River is home to MTMC's 597th Transportation Group.

contingency operation. For MTMC, the VCC was the next step.

MTMC's VCC is a contract with those carriers that are VISA participants, which establishes the rates, terms, and conditions under which each contractor will provide specific liner capacity in a contingency operation. For MTMC, the goal was to meet the CINC's wartime needs and ensure a rapid activation and good planning data. Thus, a very specific commitment was needed from industry so wartime planners would know the load capacity, vessel speed, etc., that would be available when required. Similarly, the commercial carriers making these commitments needed to know when TRANSCOM would activate specific assets so they too could adequately plan and predict their commercial activities. Pre-established payment rates that will permit rapid delivery of liner cargoes into a theater of operations were also developed. VCC offerors could elect to submit rates pursuant to one of the three approved methods: revenue-based rate, peacetime rate, or negotiated contingency rate. Procedures to implement these various methods required significant oversight effort on the part of the Defense Contract Audit Agency.

The Awards

Each of the 17 VCCs awarded by MTMC was individually negotiated. In addition to basic pricing methodologies, many additional issues arose during the joint DOD/MARAD/industry discussions concerning the specifics of VISA and its implementing VCCs. Companion contracts to the VCC, such as the VISA-Drytime Contingency Contract (VISA-DCC), were developed in parallel by the MSC for vessel commitments.

Pre-Priced Contracts

Thanks to the VISA-VCC contracting agreements, the MTMC now has off-the-shelf pre-priced contracts for liner services during contingency operations that can be activated at any time by the CINC USTRANSCOM. This VISA-VCC effort is similar to the Civil Reserve Air Fleet Program that has successfully provided rapid access to the U.S. commercial airfleet in time of crisis.

MTMC's action, coupled with the parallel VISA-DCC effort by MSC, essentially ensures that DOD is prepared to activate strategic sealift at anytime, anywhere in a seamless transition from peacetime to contingency operations as opposed to the much less efficient prior method of negotiating individual sealift agreements on an individual basis when required.

Incentives

MTMC paid each VCC contractor $1,000 for providing a preliminary contingency plan upon signing the contract. However, this fee is not a significant incentive for the maritime industry to sign these contracts. What incentive did MTMC offer industry? The incentive is the final component of this complex and interwoven acquisition strategy, MTMC's peacetime liner contract—USC-02. Following the signing of the VISA and VCC contracts, MTMC's contracting professionals awarded USC-02 for its peacetime shipping needs. The award was made to 21 ocean carriers to provide an efficient, cost-effective means of shipping Defense Transportation System (DTS) cargo on approximately 76 individual routes worldwide. DTS cargo is transported on the awardees' regularly scheduled commercial routes, thus ensuring uninterrupted service in global ocean transportation for DOD. In addition, USC-02 provides for the movement of military equipment in support of actual military contingencies and exercises. The USC-02 contracts made extensive use of acquisition streamlining. The solicitation was issued under the guidelines set forth in Federal Acquisition Regulation Part 12 (Acquisition of Commercial Items).

Contracts were awarded on the basis of "best-value" evaluation criteria rather than the "low-cost/technically acceptable" method employed previously under USC-01. These awards were made on time and without protest. This complex contracting action, with an estimated value of $400 million over the life of the contracts, supports both DOD's peacetime and wartime transportation missions by using VISA-VCC participation in the best-value evaluation process. As part of the best-value evaluation process, award preference for these USC-02 peacetime contracts was linked to a carrier's commitment to meeting military requirements during contingency operations via enrollment in the VISA and VCC. The preference given to VISA participants in the awarding of DOD's peacetime shipping requirements under the USC-02 contracts is seen as an incentive to encourage carrier participation and commitment to meeting DOD wartime transportation needs.

Conclusion

This unique forward-looking, multifaceted effort shows the benefits of several government organizations working together in a multidiscipled team focused on long-term strategic planning requirements. The involved agencies abandoned outdated procurement techniques at all stages in the process and crafted business solutions to Defense problems using tailored modern commercial acquisition techniques. This effort also showcases the ability of Army Acquisition Corps (AAC) professionals to serve as wartime enablers and force multipliers for our combat forces.

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